

State of Idaho
Drinking Water State Revolving Fund
State Fiscal Year 2008
Intended Use Plan

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**IDAHO
DRINKING WATER STATE REVOLVING FUND
STATE FISCAL YEAR 2008
INTENDED USE PLAN**

I. Introduction

On August 6, 1996, the Safe Drinking Water Act (SDWA) Amendments of 1996 (P.L.104-182) were signed into law. Section 1452 of this Act authorized the Administrator of the U.S. Environmental Protection Agency (EPA) to establish a Drinking Water State Revolving Fund (DWSRF) program to assist public water systems finance the costs of infrastructure needed to achieve or maintain compliance with the SDWA requirements and to protect public health.

Section 1452(b) requires each State to annually prepare an Intended Use Plan (IUP) identifying the use of funds in the DWSRF and describe how those uses support the goal of protecting public health.

The State of Idaho, Department of Environmental Quality (DEQ) proposes to adopt the following IUP for the State fiscal year (SFY) 2008 (July 1, 2007 through June 30, 2008). The source of federal funding identified in this IUP is the Federal fiscal year (FFY) 2007 Capitalization Grant. The DWSRF is administered by the DEQ Water Quality Division Loan Program, which also administers the Clean Water SRF.

This IUP includes the following:

- A list of prospective loan projects, ranked in priority order, including size of systems, estimated project cost and a project description
- The criteria and methods for distribution of funds
- Short-term and long-term goals of the DWSRF
- DWSRF set-aside activities
- Assurances and specific proposals

Available funding for projects is estimated to be \$38,172,829 as documented in the worksheet on the following page.

| | | |
|---|----------------|---------------------|
| Resources: | | |
| Cash (As of March 1, 2007) | \$7,170,866 | |
| EPA Capitalization Grant FFY2002 | 2,353,042 | |
| State Match | 682,041 | |
| EPA Capitalization Grant FFY2003 | 5,522,829 | |
| State Match | 1,600,820 | |
| EPA Capitalization Grant FFY2004 | 5,729,139 | |
| State Match | 1,600,620 | |
| EPA Capitalization Grant FFY2005 | 5,716,995 | |
| State Match | 1,657,100 | |
| EPA Capitalization Grant FFY2006 | 5,678,217 | |
| State Match | 1,645,860 | |
| EPA Capitalization Grant FFY2007 | 5,700,000 | |
| State Match | 1,650,000 | |
| EPA Capitalization Grant FFY2008 | 5,700,000 | |
| State Match | 1,650,000 | |
| Loans Receivable: | | |
| SFY 2007 (3/1/07-6/30/07) | 743,158 | |
| SFY 2008 | 1,747,606 | |
| SFY 2009 | 1,032,117 | |
| Interest on Cash/Investments | | |
| SFY 2007 (3/1/07-6/30/07) | 107,352 | |
| SFY 2008 | 322,055 | |
| SFY 2009 | 295,217 | |
| | ----- | |
| Total Resources: | | \$58,305,033 |
| Current Remaining Loan Obligations: | (\$21,191,794) | |
| (Loans in construction less disbursements) | | |
| Addback: 5% Project shrinkage | 1,059,590 | |
| (Some projects will self-finance and reduce disbursement requests from the DWSRF) | | |
| | ----- | |
| Net Remaining Loan Obligations: | | (20,132,204) |
| | | ----- |
| NET RESOURCES AVAILABLE TO LOAN | | \$38,172,829 |

Key Assumptions:

Projects take 28 months to construct and close from date of loan signing. **Total Resources** for next 27 months to allow best comparison to Net Remaining Loan Obligations. New loan obligations cannot exceed **NET RESOURCES AVAILABLE TO LOAN**. Next projection will be July 1, 2007.

II. List of Projects

Attachment II is the SFY 2008 Drinking Water Loan Fundable List and Project Priority List (Project Priority List) which was approved by the Board of Environmental Quality on April 18, 2007. Projects are arranged on the Project Priority List in priority order. The method for determining the priority rating for projects and the public involvement process are described in the latter parts of this document. Projects on the Project Priority List that are not on Fundable List and are not funded by another agency can be re-rated and carried over to the next SFY Project Priority List.

III. Program Goals

DEQ's long-term Loan Program goals are to:

1. Protect public health of citizens served by drinking water systems by offering financial assistance to construct the most cost effective drinking water facilities. Financial assistance includes below market rate loans and may include principal forgiveness (for disadvantaged communities).
2. Assist public water systems as they strive to achieve and maintain statewide compliance with federal and state drinking water standards. DEQ will provide information and technical assistance in the form of brochures and the quarterly Drinking Water Bulletin, which contains articles on such topics as the DWSRF, operator training and certification, and GWUDI monitoring and treatment technology.
3. Implement a capacity development strategy. The goal of the capacity development program is to ensure that our current capacity to deliver safe, reliable water is not only maintained but is expanded to meet future needs. This goal is facilitated by supporting public water systems in the maintenance and expansion of their technical, financial and managerial capacity.
4. Implement a source water assessment and protection strategy. A source water assessment provides information on the potential threats to public drinking water sources (in Idaho most of those sources are ground water).
5. Manage the Idaho DWSRF to ensure its financial integrity, viability and revolving nature in perpetuity.

DEQ's short-term Loan Program goals are to:

1. Perform the tasks necessary to assure that all appropriate loan assistance requested is provided in a timely manner.
2. Update the Operating Agreement with the EPA.

3. Make necessary changes to the FFY 2007 EPA capitalization grant application, which may include:
 - Application Form 424
 - Operating Agreement
 - Procedures
 - Annual Report
 - Organizational Flow Charts & Descriptions
 - Intended Use Plan
4. Monitor the implementation of the new accounting software and develop enhanced reporting capabilities (which are now possible as a result of the new software's capability to interface with MicroSoft applications).
5. Monitor the results of the simplification of the accounting structure.

IV. Information on the Activities to be Supported

A. Allocation of Funds

The primary type of assistance to be provided by the DWSRF is expected to be in the form of low interest loans for up to 100% of project costs. The rate of interest in SFY 2008 will be 3.00% with the exception that, portions of those projects being built to comply with requirements for additional treatment imposed by the SDWA and projects that consolidate two or more drinking water systems will be 1.75%. Some projects may have a blended interest rate between 3.00% and 1.75%. Principal and interest repayments must begin no later than one year after the date the constructed facility initiates operations. All loans, with the exception of disadvantaged loans, will be paid back over a period not to exceed twenty (20) years. Disadvantaged loans may have: repayment schedules of up to thirty (30) years; lower interest rates; and, principal forgiveness (see Attachment IV for an explanation of the Disadvantaged Loans program).

B. Loan Eligible Activities

DWSRF loans will provide for construction of water supply, treatment, storage and distribution facilities. SRF loan assistance will be provided to local communities, counties, water districts, and non-profit associations.

DEQ may award any combination of planning, design and construction loans from the DWSRF.

C. Use of Set-asides

DEQ plans to reserve four percent (4%) or \$329,172 of the capitalization grant for administrative expenses of the DWSRF. Such activities include, but are not limited to:

preparation of project lists; project application, review and monitoring; review of environmental documents; disbursement of loan funds; receipting of loan repayments and administering activities funded from the DWSRF set-asides.

DEQ plans to reserve two percent (2%) or \$164,586 to provide technical assistance to small public water systems. None of these funds will be spent until EPA has approved a work plan that identifies tasks for which the funds will be used.

DEQ plans to reserve ten percent (10%) or \$822,930 to supplement the Drinking Water program. None of these funds will be spent until EPA has approved a work plan that identifies tasks for which the funds will be used.

DEQ plans to reserve ten percent (10%) or \$822,930 of the capitalization grant for wellhead (drinking water) protection. These funds will be utilized for conducting hydrologic, geotechnical, and contaminant susceptibility studies in support of the design and development of drinking water protection plans. In areas where surface or subsurface drinking water has been identified as contaminated, or has been determined to have a high potential for future contamination, DEQ will conduct or oversee the implementation of projects designed to mitigate or reduce the potential for contamination of identified waters. In addition, DEQ will use a portion of this set-aside to provide technical assistance to public water supply systems and local government entities on all aspects of drinking water protection plan development and implementation. None of these funds will be spent until EPA approves a work plan that identifies tasks for which the funds will be used.

DEQ plans to reserve five percent (5%) or \$411,465 of the capitalization grant for development and implementation of the capacity development strategy. These monies will fund the several capacity development tasks as detailed in the approved workplan. None of these funds will be spent until EPA has approved a work plan that identifies tasks for which the funds will be used.

If the amount of funds reserved is not used in the first year, the excess will be banked and used for the same purposes in future years.

V. Assurances and Specific Proposals

A. Environmental Reviews

DEQ certifies that it will conduct environmental reviews of each project receiving assistance from the DWSRF. DEQ will follow “EPA approved, NEPA-like procedures” in conjunction with environmental reviews.

These procedures are outlined in Idaho Administrative Code IDAPA 58.01.20 - Rules for Administration Department of Environmental Quality of Drinking Water Loan Account.

A more detailed procedural description can also be found in the Drinking Water Loan Account Handbook of Procedures (Chapter 5). Copies of both the Rules and Procedures were included in the application for FFY 97 funds.

B. Binding Commitments

DEQ will enter into binding commitments in an amount equal to each quarterly grant payment and proportional state match within one year of receipt of that payment. Payment dates are listed in Attachment III of this document.

C. Expeditious and Timely Expenditures

DEQ will strive to expend all funds in the DWSRF in a timely and expeditious manner.

D. State Matching Funds

DEQ agrees to deposit state monies into the DWSRF in an amount equal to twenty percent (20%) of the federal Capitalization Grant on or before the date by which the State of Idaho receives the cash draw from EPA. These funds will be transferred from the State of Idaho Water Pollution Control Account.

E. State Laws and Procedures

DEQ agrees to expend each quarterly grant payment in accordance with applicable state laws and procedures.

F. National Reporting Needs

DEQ agrees to provide data or information to EPA as may be required for national reports, and public or congressional inquiries.

VI. Criteria and Method for Distribution of Funds

Idaho drinking water systems will be queried regularly to obtain information regarding projects for which loan monies could be used. Additional information about potential projects will be obtained from DEQ Regional Office engineers, privately retained consulting engineers and other state and federal agencies. DWSRF monies will be distributed according to the methods, criteria and eligible activities as identified and described in the Idaho Administrative Code IDAPA 58.01.20 - Rules for Administration of Drinking Water Loan Account.

The criteria and methods for distribution of funds are designed to allow maximum flexibility in providing assistance, thereby enhancing the long-term viability and revolving loan aspect of the DWSRF Program.

DEQ will use the priority rating system outlined here for managing the DWSRF program. Only projects on the Project Priority List are eligible for funding. DEQ will use a List of Fundable Projects and a companion Comprehensive Project Priority List (see Attachment II). DEQ will select projects for the List of Fundable Projects starting with the highest rated project on the Comprehensive Project Priority List that is ready to proceed and continue down that list as far as possible in order to use all of the available funds.

DEQ reserves the right to fund lower priority projects over higher priority projects that are not ready or willing to proceed. In such instances DEQ will comply with established by-pass procedures. DEQ may add projects to the List of Fundable Projects due to emergencies such as an unanticipated system failure or a project that is needed to prevent an imminent health threat.

No funding commitment will be made to a project until an engineering report, environmental review and a financial, managerial, and technical assessment have been completed.

The rating criteria used for the SFY 2008 Project Priority List are as follows:

| | <u>Points</u> |
|--|---------------|
| <u>PUBLIC HEALTH EMERGENCY</u> | |
| Water borne outbreak, or contaminated source level exceeds unreasonable risk to health, or failed water source | 100 |
| <u>PUBLIC HEALTH HAZARD</u> | |
| Evidence of waterborne illnesses | 19 |
| Reports of waterborne illnesses..... | 10 |
| High potential for waterborne illnesses..... | 5 |
| <u>WATER QUALITY VIOLATION</u> | |
| Microbiological | |
| More than 6 primary maximum contaminant level (MCL) violations in preceding 12 months | 15 |
| 4-6 MCL violations in past 12 months..... | 12 |
| 2-3 MCL violations in past 12 months..... | 9 |
| 1 MCL violation in past 12 months..... | 6 |
| Positive coliform sample in last 12 months | 3 |
| Chemical | |
| MCL exceeded chronic chemical, radiological or lead..... | 15 |
| Action level exceeded for copper..... | 11 |
| Violation of secondary drinking water standards..... | 8 |
| Does not meet all applicable MCL goals | 7 |
| Surface water treatment technique violations | 15 |

GENERAL CONDITIONS OF EXISTING FACILITIES

Points

| | |
|--|----|
| Necessary water treatment facilities either do not exist, are not functioning or do not meet Idaho drinking water rules..... | 14 |
| Ground water sources are not developed or protected according to the rules | 10 |
| Source capacity is not adequate to meet demand and the system occasionally goes dry or has low pressure | 10 |
| Storage, pumping and distribution facilities have inadequate capacity to meet demand..... | 10 |
| Facilities have inadequate capacity and cannot meet current demand..... | 10 |
| Existing storage tanks leak excessively or are structurally flawed | 5 |
| Pipe leak repair greater than 4 leaks per 100 connections per year | 2 |

OVERALL URGENCY (Only 1 selected)

| | |
|--|----|
| System out of water, no water to flush toilets | 10 |
| Water delivered cannot be rendered safe by boiling or system delivers water which cannot be rendered safe by running to waste..... | 10 |
| Water delivered can be rendered safe by boiling or by running to waste | 5 |
| System occasionally out of water..... | 5 |

UNDER CONSENT OR ADMINISTRATIVE ORDER..... 30

INCENTIVES

| | |
|---|---|
| Source water assessment | 2 |
| Protective zone | 2 |
| Master or facility plan complete..... | 2 |
| Replacement fund established | 2 |
| Consolidation plan in place | 2 |
| Active back flow program in place | 2 |
| Conservation oriented rate structure (meters) | 2 |
| Current on all monitoring requirements | 2 |

AFFORDABILITY

| | |
|--|----|
| Project user charge exceeds affordable criteria..... | 10 |
|--|----|

VII. Additional Information Requirements

A. Public Review and Comment

The IUP contents including the Project Priority List were subjected to a thorough public participation process. Regional office staff made personal contact with drinking water systems in their respective areas that had indicated interest. Draft Project Priority Lists were also disseminated to all state and federal agencies involved in infrastructure financing. Those agencies, including Rural Development, Rural Community Assistance Corporation, Idaho Department of Water Resources and Idaho Department of Commerce and Labor (Community Development Block Grants) meet periodically to discuss potential projects.

In addition to the above, the draft Intended Use Plan including the List of Fundable Projects and the Project Priority List was posted on the DEQ website and notices inviting comment were published in the major newspapers of the state during the comment period.

A summary of the public participation process is included as Attachment V.

Projects from the SFY 2008 Project Priority List for which DEQ intends to provide loan funding, are identified on the List of Fundable Projects on Attachment II.

The Board of Environmental Quality adopted the SFY 2008 Project Priority List and the List of Fundable Projects on April 18, 2007.

B. Bypass Procedures

A project that does not or will not meet the project target date or a DEQ schedule that allows for timely utilization of loan funds may be bypassed, substituting in its place the next highest ranking project(s) that is ready to proceed, as identified and described in the Idaho Administrative Code IDAPA 58.01.20 - Rules for Administration of Drinking Water Loan Account. DEQ intends to utilize Project Priority List ranking as much as possible when preparing the Intended Use Plan. However the lack of adequate funding, changes in project scope, failure to pass a bond election, or other unforeseen circumstances may require that a project on the Intended Use Plan be bypassed. If a project is bypassed, DEQ will offer loan funds to the highest ranked, ready-to-proceed project from the most current approved Project Priority List.

**IDAHO
DRINKING WATER STATE REVOLVING LOAN FUND
FUNDING BREAKDOWN
FFY 2007 Allotment = \$8,229,300**

| | Available Funds | Set-asides | Available for the DWSRF |
|--|-------------------------|--------------------------|-------------------------------|
| <u>Federal Capitalization Funds</u> | | | |
| 4% Program Administration 1452(g) | \$329,172 | (\$329,172) | \$0 |
| 2% Technical Assistance 1452(g) | 164,586 | (164,586) | 0 |
| 10% PWSS Funding 1452(g) | 822,930 | (822,930) | 0 |
| 10% Wellhead Protection 1452(k) | 822,930 | (822,930) | 0 |
| 5% Capacity Development 1452(k) | 411,465 | (411,465) | 0 |
| Available for Loan Projects | 5,678,217 | | 5,678,217 |
| Total Capitalization Grant | 8,229,300 | (2,551,083) | 5,678,217 |
| State Match | 1,645,860 | - | 1,645,860 |
| Additional Available Funds | 30,848,752 | - | 30,848,752 |
| Total Available for DWSRF Loans | <u>\$40,723,912</u> | <u>(\$2,551,083)</u> | <u>\$38,172,829</u> |

ATTACHMENT II

State of Idaho
Drinking Water State Revolving Loan Fund
State Fiscal Year 2008
Fundable Projects and Priority List
LIST OF FUNDABLE DRINKING WATER LOAN PROJECTS

| Project | Rank | System Type | Loan Amount | Project Description | Estimated Commitment Date | Location of Project and DEQ Regional Office |
|---|------|-------------|--------------|---|---------------------------|---|
| Warm Lake Recreational ID4430054 | * 1 | PNP | \$400,000 | Upgrade source capacity | 7/30/2007 | Valley County and Boise Regional Office |
| City of Fruitland ID3380005 | 2 | P | \$14,000,000 | Construction of a surface water plant | 8/30/2007 | Payette County and Boise Regional Office |
| Meander Point HOA ID5420040 | 4 | PNP | \$2,800,000 | Treatment, new source, storage and distribution | 12/30/2007 | Twin Falls County and Twin Falls Regional Office |
| Clearwater Water District ID2250011 | 5 | PNP | \$750,000 | Amend/reconstruct existing water filter to meet turbidity standards. | 5/30/2008 | Idaho County and Lewiston Regional Office |
| City of Buhl ID5420007 | 8 | P | \$8,000,000 | Improvements project (compliance with arsenic rule) | 9/30/2007 | Twin Falls County and Twin Falls Regional Office |
| City of Inkom ID6030025 | * 10 | P | \$1,000,000 | Copper treatment, upgrades to distribution system, storage and installation of water meters | 9/30/2007 | Bannock County and Pocatello Regional Office |
| Kingston Water District #1 ID1400030 | 11 | PNP | \$3,000,000 | Correct GWUDI and corrosion problems by connecting to CSCWD or drilling new well. | 4/30/2008 | Shoshone County and Coeur d'Alene Regional Office |
| City of Cambridge ID3440002 | 12 | P | \$330,500 | Storage tank, piping and pump upgrades | 5/30/2008 | Washington County and Boise Regional Office |
| City of Iona ID7100041 | 13 | P | \$2,500,000 | Supply, Storage, Distribution, Treatment, Secondary Power | 3/30/2008 | Bonneville County and Idaho Falls Regional Office |

LIST OF FUNDABLE DRINKING WATER LOAN PROJECTS (Continued)

| | | | | | | |
|----------------------------------|------|---|-------------|---|-----------|--|
| City of McCammon ID6030038 | 14 | P | \$1,000,000 | Community growth impacts. Heavy commercail impact on fire flows. | 2/30/2008 | Bannock County and Pocatello Regional Office |
| City of St. Anthony ID7220067 | 15 | P | \$4,092,329 | Supply, Stroage, Distribution, Treatment | 4/30/2008 | Fremont County and Idaho Falls Regional Office |
| Atomic City ID6060003 | * 16 | P | \$300,000 | Source development, inadequate pressure, inadequate storage, upgrades to distribution system | 8/30/2007 | Bingham County and Pocatello Regional Office |

\$38,172,829

*Note: Projects with an asterisk in the "Rank" column are carried over from fiscal year's 2007 list. These communities had began the loan process during fiscal year 2007; however, the loan process was not completed during the same fiscal year and so the projects were carried forward. The number following the asterisk is the entity's ranking on the FY 2008 Priority List.

P = Public System PNP = Private Non-profit System

This list contains projects that are the highest rated that are ready to proceed. Projects on this fundable list may be bypassed if they do not complete an engineering report that complies with DEQ requirements or do not meet DEQ requirements for financial, managerial or technical capability. A description of each of the projects

Statewide FY2008 Drinking Water Loan Priority List

| Rank | Project | Number of Rating Points | POP | Reg. Office | DEQ Est Loan Amount | Project Description |
|------|---|-------------------------|--------|-------------|---------------------|--|
| 1 | Warm Lake Recreational ID4430054 | 206 | 72 | BRO | \$400,000 | Upgrade source capacity |
| 2 | City of Fruitland ID3380005 | 201 | 4,700 | BRO | \$14,000,000 | Construction of a surface water plant |
| 3 | Yellow Pine Water Users, Inc. ID4430059 | 155 | 75 | BRO | \$90,000 | Replace sand filter & install storage to provide needed capacity & sufficient contact time. |
| 4 | Meander Point HOA ID5420040 | 143 | 140 | TwF | \$2,800,000 | Treatment, New Source, Storage & Dist. |
| 5 | Clearwater Water District ID2250011 | 130 | 100 | LRO | \$450,000 | Amend/reconstruct existing water filter to meet turbidity standards. |
| 6 | Grand View Water and Sewer ID3370010 | 120 | 470 | BRO | \$2,376,000 | Arsenic removal plant |
| 7 | City of Twin Falls ID5420058 | 105 | 39,000 | TwF | \$20,000,000 | Improvements and Supply Project (Arsenic rule) |
| * 8 | City of Buhl ID5420007 | 101 | 4,107 | TwF | \$8,000,000 | Improvements Project (Arsenic rule) |
| 9 | Hampton Home Owners Assoc. ID4010071 | 99 | 95 | BRO | \$14,000 | Point of use treatment for arsenic |
| * 10 | City of Inkom (PWS ID6030025) | 93 | 770 | PRO | \$1,000,000 | Copper treatment, upgrades to distribution system, storage and installation of water meters. |
| 11 | Kingston Water District #1 ID1400030 | 92 | 700 | CDA | \$3,000,000 | Correct GWUDI and corrosion problems by connecting to CSCWD or drilling new well. |
| 12 | City of Ammon ID7100004 | 91 | 10,923 | IFRO | \$15,000,000 | Supply, Storage, Pumps, Distribution, Secondary Power |
| 13 | City of Cambridge ID3440002 | 91 | 341 | BRO | \$330,500 | Storage tank, piping and pump upgrades |
| 14 | City of Iona ID7100041 | 86 | 1,201 | IFRO | \$2,500,000 | Supply, Storage, Distribution, Treatment, Secondary Power |
| 15 | City of McCammon ID6030038 | 79 | 850 | PRO | \$1,000,000 | Community growth impacts. Heavy commercial impact on fire flows. |

Statewide FY2008 Drinking Water Loan Priority List

| Rank | Project | Number of Rating Points | POP | Reg. Office | DEQ Est Loan Amount | Project Description |
|------|---|-------------------------|-------|-------------|---------------------|---|
| * 16 | Atomic City (PWS ID6060003) | 79 | 30 | PRO | \$300,000 | Source development, inadequate pressure, inadequate storage, upgrades to distribution system |
| 17 | City of St. Anthony ID7220067 | 73 | 3,742 | IFRO | \$5,400,000 | Supply, Stroage, Distribution, Treatment |
| 18 | Mission Creek Water Assoc. ID1110019 | 70 | 100 | CDA | \$200,000 | Uranium treatment and new well |
| 19 | Ahsahka Water & Sewer ID2180001 | 70 | 130 | LRO | \$300,000 | Replace source, upgrade storage and distribution, add individual meters |
| 20 | Rimrock Water System, North Kootenai Water District ID1280009 | 46 | 2,420 | CDA | \$2,880,000 | Extend water service to a developed area with inadequate or non-existent individual water supplies. |
| 21 | City of Kimberly ID5420033 | 42 | 2,700 | TwF | \$5,700,000 | New Well, Storage & Distribution Improv |
| 22 | City of Heyburn ID5340006 | 39 | 3,000 | TwF | \$2,400,000 | New Well & Distribution Improvements |
| 23 | Star Sewer and Water ID4010220 | 38 | 5,000 | BRO | \$2,466,900 | 2 new storage tanks and lines |
| 24 | City of Wendell ID5240028 | 37 | 2,335 | TwF | \$3,000,000 | Separate Irrigation and Existing Sys. Retrofit |
| 25 | City of Hansen ID5420027 | 35 | 1,100 | TwF | \$500,000 | New Source Development and Dist Imprv. |
| 26 | Smiley Creek HOA ID5070087 | 34 | 62 | TwF | \$140,000 | Distribution and Treatment Improv. Project |
| 27 | Sagle Valley W&S District ID1090118 | 34 | 500 | CDA | \$2,000,000 | Water system consolidation and service area expansion |
| 28 | City of Richfield ID5320005 | 33 | 461 | TwF | \$4,000,000 | New Source, Booster, Reservoir & Dist. |
| 29 | City of Filer ID5420021 | 31 | 1,690 | TwF | \$1,260,000 | Improvements Project (Add. supply on south side) |

Statewide FY2008 Drinking Water Loan Priority List

| Rank | Project | Number of Rating Points | POP | Reg. Office | DEQ Est Loan Amount | Project Description |
|------|---|-------------------------|--------|-------------|---------------------|--|
| 30 | City of Kuna ID4010085 | 29 | 12,000 | BRO | \$4,500,000 | Storage tank and piping |
| 31 | City of Meridian ID4010097 | 24 | 66,565 | BRO | \$2,500,000 | Storage reservior |
| 32 | City of Middleton ID3140074 | 24 | 4,800 | BRO | \$773,000 | Trunk line and wells for growth |
| 33 | Tamarack Resort (Priority A) ID4430100 | 22 | 1,920 | BRO | \$10,000,000 | Develop 2 new wells, add storage and transmission lines. |

*carried over from FY2007

WARNING: USE OF THIS LIST AS A MAILING LIST OR AS A TELEPHONE NUMBER LIST IS PROHIBITED BY IDAHO CODE SECTION 9-348 AND IS PUNISHABLE BY A CIVIL PENALTY OF UP TO \$1,000.

**IDAHO
DRINKING WATER STATE REVOLVING LOAN FUND
FFY 2007 PROJECT PAYMENT SCHEDULE**

| Payment # | Quarter Ending | Project Fund Payments | Set-Aside Payments | Total Payments |
|----------------------|---------------------------|----------------------------------|-------------------------------|---------------------------|
| 1 | September 2007 | \$0 | \$1,913,312 | \$1,913,312 |
| 2 | December 2007 | 0 | 212,591 | 212,591 |
| 3 | March 2008 | 500,000 | 212,590 | 712,590 |
| 4 | June 2008 | 500,000 | 212,590 | 712,590 |
| 5 | September 2008 | 1,000,000 | 0 | 1,000,000 |
| 6 | December 2008 | 1,000,000 | 0 | 1,000,000 |
| 7 | March 2009 | 1,000,000 | 0 | 1,000,000 |
| 8 | June 2009 | 1,678,217 | 0 | 1,678,217 |
| Total | | \$5,678,217 | \$2,551,083 | \$8,229,300 |

A payment is defined as an increase to the ceiling in the Automated Clearinghouse Payment System. Commitments cannot be made until the ceiling on the letter of credit is adequate to cover that commitment.

Each payment is for the beginning of each quarter with planned commitments to be made through the end of that quarter. Each payment must be committed within one year of the payment date, in accordance with the Safe Drinking Water Act of 1996.

**IDAHO
DRINKING WATER REVOLVING LOAN FUND
DESCRIPTION OF DISADVANTAGED LOANS**

In conjunction with the standard loans, the Department may award loans to applicants deemed disadvantaged using the following criteria. In order to qualify for a disadvantaged loan, a loan applicant must have a median household income that does not exceed 80% of the statewide non-metropolitan median household income from the most recent census data and an annual cost of drinking water service for residential customers which exceeds 2% of the median household income. The annual cost includes all operating, maintenance, replacement and debt service costs, both for the existing system and upgrades being financed with state revolving funds. If the applicant's service area is not within the boundaries of a municipality, the applicant may use the census data for the county in which it is located.

First the loan interest rate will be reduced from the rate established by the Administrator for standard loans to a rate that results in an annual charge equal to 2% of median household income.

The interest rate reduction may be as low as 0%. If at a 0% and a 20 year repayment the annual charge exceeds 2% of median household income, the length of the loan repayment will be extended in increments of years up to a maximum of 30 years until the annual cost equals 2% of median household income. If at 0% interest and a 30-year repayment, the annual charge per residential user still exceeds 2% of median household income, the principal which causes the user charge to exceed 2% may be reduced. Before an applicant's principal will be reduced, the applicant must have been either declined assistance or only received partial assistance from all other state and federal agencies offering grants. The principal reduction cannot exceed 50% of the cost of an individual project. The amount of principal reduction for all projects cannot exceed 30% of the capitalization grant or \$2,468,790.

ATTACHMENT V

PUBLIC NOTIFICATION AND INVOLVEMENT STRATEGY FOR FY 2008 WASTEWATER AND DRINKING WATER PRIORITY LISTS

The public was involved in the FY2008 priority list development at several points in the process. Involvement for the drinking water and water pollution control lists were the same: needs were solicited directly from the systems through a letter of interest mailed out by the DEQ early in the priority list process. Information on the completed letter of interest forms was used in part by the State and Regional office staff in preparing draft lists. A copy of the letter of interest form and the cover letter that was sent with it are included as attachments here. We are finding that combining information obtained directly from eligible entities with that provided by our engineering staff results in the most accurate listing of infrastructure needs.

Notification that all four FY2008 priority lists were available for public review was given in Idaho's six major (regional) newspapers for approximately twenty-one days. Notices were published three times in each of the newspapers. Copies of proofs of publication are included as attachments here.

Notification of availability of the lists was also placed on DEQ's web site from March 7-26, 2007. A copy of the web site cover page is included here.

Approval packages related to the four lists were sent to the Board of Environmental Quality prior to their meeting on April 18, 2007. Copies of the Issue Analyses for the SRF loan lists and the Board agenda are included as attachments here. DEQ staff made presentations at the Board meeting on April 18, 2007 and answered questions about the lists. The Board approved all lists on April 18, 2007.

ATTACHMENT VI

**IDAHO
DRINKING WATER REVOLVING LOAN FUND
DOCUMENTATION OF MATCHING FUNDS FOR SET-ASIDES**

| | |
|--|------------------|
| State match required for the 1452(g) set-asides | \$826,880 |
| Federal fiscal year 2007 State funds applied towards PWSS program: | \$1,624,916 |
| Required match for PWSS grant: | <u>(692,354)</u> |
| Over-match available from Federal fiscal year 2006 funds | \$932,562 |
| State fiscal year 1993 funds applied to PWSS program: | \$892,674 |
| Total available for State match | \$1,825,236 |

More match is available than is needed since only \$826,880 is needed for the match. 50% (\$413,440) will come from the Federal fiscal year 2006 over-match and 50% (\$413,440) will come from the State fiscal year 1993 credit. Expenditure of Federal fiscal year 2006 over-match will be documented in the Financial Status Reports (FSRs) submitted for the PWSS program.